



2007 Report To the General Assembly

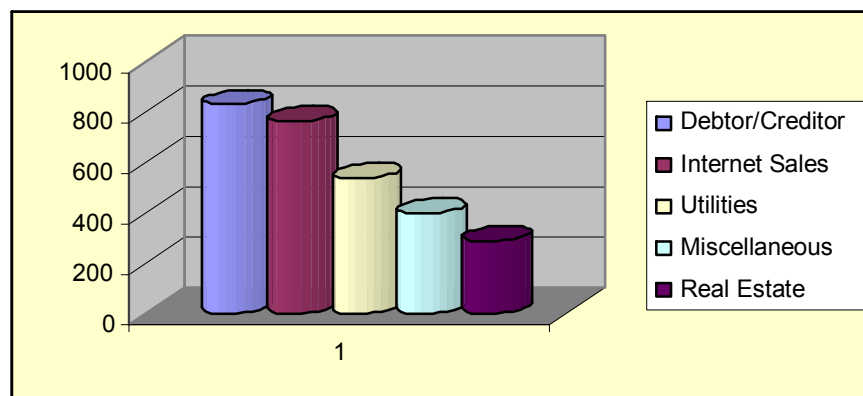
Created in 1977, the Tennessee Division of Consumer Affairs works to enforce the state Consumer Protection Act and to assist consumers and business owners who have been affected by unfair business practices.

The division is divided into four sections: the Complaint Management System (CMS), the Contractor/Homeowner Accountability and Mediation Program (CHAMP), Registrations, and Education.

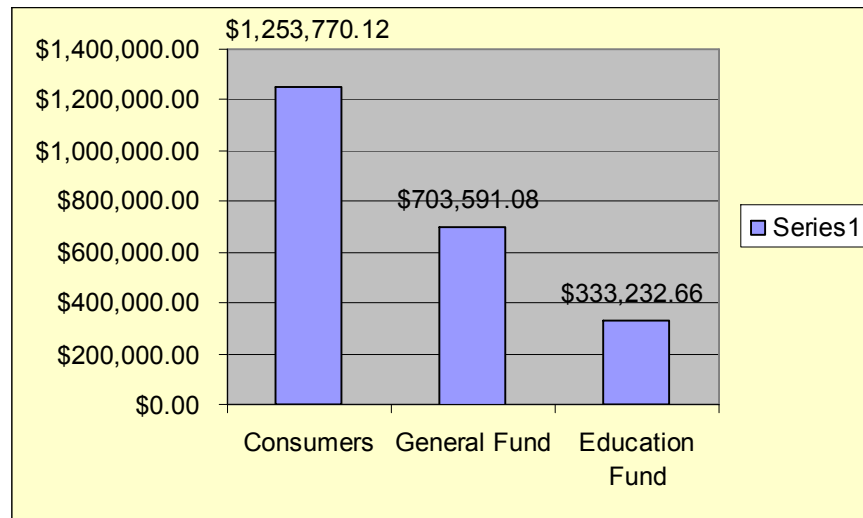
CMS provides mediation services to consumers covering fifty-eight (58) subjects which were consolidated from one hundred sixty-five subjects in July 2007. In addition, it also serves as a clearinghouse for complaints that fall under the jurisdiction of other governmental agencies.

In fiscal year 2006, CMS received 5,420 formal written complaints. CMS also received approximately 28,378 general inquiries and referred 1,378 complaints to other local, state and federal agencies. CMS obtained refunds and/or recovered merchandise for consumers totaling \$1,253,770.12. **Consumers who filed a formal complaint with CMS received an average refund and/or recovered merchandise of \$232.00.**

Debtor/Creditor, Internet Sales, Utilities, Miscellaneous and Real Estate are the **top five categories** of complaints filed with the division. Middle Tennessee consumers filed 1,342 formal complaints followed by East Tennessee with 1,095 and West Tennessee with 1,101. The remaining 1,882 complaints were filed by out-of-state residents against Tennessee businesses.



CMS also works closely with the Office of the Attorney General, Consumer Advocate and Protection Division, referring complaints where there is a pattern of unfair or deceptive practices. Because of the cooperation between the agencies, CMS has been instrumental in returning \$703,891.08 to the General Fund and receiving \$333,232.66 to the division's Education Fund.



CHAMP, the Contractor/Homeowner Accountability and Mediation Program, is a new section of the division, beginning in January, 2005. The purpose of the program is to provide consumers an additional resource in dealing with contractor disputes.

Formerly, the state Board for Licensing Contractors and the Home Improvement Commission dealt with administrative consumer-related cases. Currently, with the advent of CHAMP, the Board and the Commission now concentrate their respective efforts on licensing violation matters only, while all consumer-related complaint matters are referred to CHAMP. This consumer-based complaint process allows the parties to agree on making repairs, or corrections, or to resolve residential construction issues without administrative disciplinary hearings. Contractors who are not responsive are placed on a "Problem Contractor List" which is posted and updated regularly on the division's website. After being placed in the PCL, a contractor may petition the division to be removed from the list for good cause.

There were three hundred and ninety-two (392) complaints filed with CHAMP during this reporting period. Many were successfully resolved and others were

referred to the Board for Licensing Contractors for review and possible disciplinary action.

Education of the consumer is a small, but vital role in the division. We strongly believe that providing educational opportunities to consumers is important in assisting them in making wise choices in their day-to-day activities. We have hosted booths at several community events across the state as part of our educational outreach program.

The director and certain staff members frequently speak to groups on consumer issues and the division strives to provide a speaker whenever requested throughout the state. The division is constantly seeking new methods to reach consumers and keep them informed.

Printed material is also available from the division on many topics and is made available to consumers through mailings, speaking engagements and workshops.

The division began outreach to the Hispanic community by attending community meetings and providing information on a variety of topics. This year we contracted with a business that will assist us in translating documents and assisting consumers who speak languages other than English.

The division is also involved in the creation of the **Consumer Corp Handbook** that will serve as an educational resource for consumers. The handbook will offer a listing of each county's legislative members, as well as information concerning each division within the Department of Commerce and Insurance. A brief summary of the responsibilities and duties of each division will be included in the handbook along with contact information for regulatory boards and commissions to assist the consumer in filing complaints and finding answers to questions.

Registration of health clubs and beauty pageants is also under the jurisdiction of the division. There were three hundred twenty-five (325) health club registrations and twenty (20) beauty pageant registrations in Tennessee during this reporting period.

Division of Consumer Affairs
Organizational Chart

